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~~INTERSTATE COMMERCE COMMISSION~~

Manufacturing Agreement

Dated as of September 2, 1975

between

GREYHOUND EQUIPMENT LEASING CORPORATION

and

BETHLEHEM STEEL CORPORATION

Rec. No. 8127-A
(recorded 11/25/75)

THIS MANUFACTURING AGREEMENT, made and entered into as of the second day of September, 1975, by and between GREYHOUND EQUIPMENT LEASING CORPORATION (the Company), a Delaware corporation, having its principal place of business at Greyhound Tower, Phoenix, Arizona 85077, and BETHLEHEM STEEL CORPORATION (Bethlehem), a Delaware corporation, having its principal place of business at Bethlehem, Pennsylvania 18016.

WITNESSETH :

WHEREAS, Bethlehem has agreed to manufacture and sell to the Company 1,100 100-ton Open Top Triple Hopper Cars, and 300 100-ton Gondola Cars, or such lesser aggregate number of Cars (not less than 1,383) as shall have an aggregate purchase price not in excess of \$42,000,000 (said Hopper Cars and Gondola Cars being herein sometimes referred to individually as a Car and collectively as Cars), pursuant to Bethlehem specifications (the Specifications), which Specifications have been reviewed and approved by Joseph L. Castle and Andrew L. Lewis, Jr., Trustees of the Property of Reading Company (the Lessee, which term shall also specifically include any successor or successors to the initial Lessee assuming its obligations under the below-mentioned Lease and any lessee which is a party to any Other New Lease, as hereinafter defined) ; and

WHEREAS, the Company agrees to purchase such Cars subject to the leasing of the Cars to the Lessee pursuant to a Lease of Railroad Equipment (the Lease) between the Company and the Lessee substantially in the form of Exhibit IV to the below-mentioned Loan and Financing Agreement; and

WHEREAS, in order to finance the purchase and lease of the Cars on a long-term basis, the Company is entering into a Loan and Financing Agreement, dated as of the date hereof, with several lenders (the Loan and Financing Agreement), and pursuant thereto the Company and its parent corporation Greyhound Leasing & Financial Corporation (the Parent) are entering into an Equipment Note Agreement, dated as of

the date hereof (the Equipment Note Agreement), with Chemical Bank, as Trustee (the Trustee), providing for the issuance of Equipment Notes (the Equipment Notes) by the Company and, among other things, for the assignment and transfer to said Trustee of (i) all of the Company's right, title and interest in and to the Cars and the Lease, and (ii) certain of the Company's rights under this Agreement, to be held in trust under the Equipment Note Agreement for the benefit of the holders of the Equipment Notes; and

WHEREAS, the Company and Bethlehem desire to set forth herein certain agreements with respect to the Cars and the Lease;

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements hereinafter set forth, and in order to induce the Lessee to enter into the Lease, to induce lenders to enter into the Loan and Financing Agreement and to induce the Trustee to accept the trusts under the Equipment Note Agreement, Bethlehem and the Company agree as follows:

1. *Sale and Delivery.* Subject to the terms of this Agreement, Bethlehem expects to commence delivery of the Cars to the Company and on behalf of the Company to the Lessee during November, 1975. All deliveries hereunder shall be at Johnstown, Pennsylvania with freight charges, if any, prepaid by Bethlehem, from Johnstown, Pennsylvania to an ultimate destination point designated by the Lessee. Upon delivery, the Company's duly authorized representative (who may be a representative of the Lessee) will forthwith cause each Car to be inspected and as to each Car that is found to be in full compliance with the Specifications such representative will execute and deliver to Bethlehem, at Johnstown, Pennsylvania, a Certificate of Inspection and Acceptance (the Certificate of Inspection and Acceptance) substantially in the form attached hereto as Schedule A.

Bethlehem's obligation as to time of delivery is subject, however, to delays resulting from causes beyond Bethlehem's reasonable control including, but not limited to, acts of God, acts of government establishing embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, lockouts, labor disputes, accidents, fire, flood, explosion, damage to plant, equipment or facilities, or delays in receiving necessary materials.

Notwithstanding the preceding provisions of this paragraph 1, any Cars not delivered, accepted and settled for on or before June 30, 1976, shall be excluded from this Agreement and not included in the term "Cars" as used in this Agreement. In the event of any such exclusion, the Company and Bethlehem shall execute an agreement supplemental hereto limiting this Agreement to the Cars theretofore delivered, accepted and settled for hereunder.

Bethlehem represents and warrants that, at the time of their delivery, the Cars will be new railroad equipment, not having been used by any person after completion of manufacture and prior to delivery, and, to the best of its knowledge, no investment credits or depreciation will have been claimed by any person with respect thereto.

Bethlehem warrants to the Company, the Trustee, for the benefit of the holders of the Equipment Notes, and the Lessee that (i) the Cars will be built in accordance with the Specifications and (ii) the Cars will be free from defects in material (except as to specialties incorporated therein specified or supplied by the Company or the Lessee and not manufactured by Bethlehem) and workmanship or design (except as to designs specified by the Company or the Lessee and not developed or purported to be developed by Bethlehem) under normal use and service, Bethlehem's obligation under this paragraph being limited to making good at its plant any part or parts of any Car which shall, within one year after delivery of the Car to the Company, be returned to Bethlehem with transportation charges prepaid and which Bethlehem's examination shall disclose to its satisfaction to have been thus defective. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITY ON THE PART OF BETHLEHEM EXCEPT FOR ITS OBLIGATIONS ARISING UNDER THIS AGREEMENT, AND BETHLEHEM NEITHER ASSUMES NOR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE CARS EXCEPT AS AFORESAID. Bethlehem further agrees

that the acceptance of any Car under this paragraph 1 shall not be deemed a waiver by the Company, the Lessee or the Trustee of any of its rights under this paragraph.

Bethlehem agrees to use its best efforts to include, as a condition of its purchase order with the vendor of any specialty purchased by Bethlehem for incorporation in the Cars and not warranted hereunder, an agreement by such vendor to the effect that all warranty agreements and representations, if any, made by such vendor with respect to such specialty may be enforced by the Company, in its own name, by Bethlehem, in Bethlehem's own name, or by both of them jointly; provided, however, that if any vendor does not accept such an agreement and Bethlehem promptly so notifies the Company, Bethlehem shall have no obligation to the Company under this sentence if such an agreement is not contained in any such purchase order. Bethlehem further agrees that, whether or not such an agreement is contained in any such purchase order, the Company as well as Bethlehem may to the extent permitted by law take and prosecute claims against vendors of specialties purchased by Bethlehem for incorporation in the Cars and not warranted hereunder for the breach of any warranty by the vendors with respect to such specialties. Bethlehem and the Company each agrees to notify the other prior to the assertion of any claim by it against any such vendors of specialties. If Bethlehem determines that it has no interest in any such claim asserted by the Company, Bethlehem agrees to assign to the Company, solely for the purpose of making and prosecuting any such claim, all of the rights which Bethlehem has against such vendor for the breach of warranty or other representation respecting such specialties. Bethlehem agrees to cooperate fully with the Company in the prosecution of any such claim, at the Company's expense.

Bethlehem agrees, prior to delivery thereof to the Company, to cause to be plainly, distinctly, permanently and conspicuously marked upon each side of each Car the following words in letters not less than one inch in height:

GREYHOUND EQUIPMENT LEASING CORPORATION, OWNER AND LESSOR

CHEMICAL BANK, TRUSTEE, ASSIGNEE

and to place on each side of each of the Cars the Lessee's Road Number.

Bethlehem agrees that the design, quality and component parts of the Cars, except as to design, quality and component parts specified or supplied by the Company or the Lessee, will conform to all requirements and specifications of the United States Federal Railroad Administration and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to new railroad equipment of the character of the Cars as of the date of delivery thereof.

2. *Title.* Subject to receipt of payment of the purchase price of a Car (which shall be conclusively evidenced by Bethlehem's written receipt delivered on the Closing Date under the Loan and Financing Agreement with respect to such Car), title to such Car shall vest in the Company when it is delivered to and accepted by the Company as evidenced by the Certificate of Inspection and Acceptance. The Company will indemnify, defend and save Bethlehem harmless from any claims, damages, demands or suits whatsoever (and expenses in connection therewith, including counsel fees) arising against Bethlehem as a result of the use, operation or purchase of any Car by the Company or others during the period commencing with the time of delivery of such Car to the Company and execution of the said Certificate of Inspection and Acceptance therefor and ending upon the receipt by Bethlehem of payment for such Car. The obligation to satisfy the foregoing covenant of indemnity shall continue in full force and effect after payment is made for any Car so delivered or after termination of this Agreement, but shall be enforceable only against the Company irrespective of the assignment hereof pursuant to the Equipment Note Agreement.

3. *Payment.* The Company agrees to pay Bethlehem for the Cars, at the purchase price invoiced by Bethlehem including prepaid freight, if any (the Purchase Price), in groups of not less than one hundred (100) Cars (100 or more of such Cars being referred to herein as a Group), but not more often than once per calendar week, except for the last payment which may be for less than 100 Cars, upon delivery to the Company of (i) an executed Certificate of Inspection and Acceptance, (ii) Bethlehem's Bill of Sale, and (iii) Bethlehem's invoice. Bethlehem's Bill of Sale will transfer all right, title and interest in and to the Cars covered thereby to the Company, and will warrant to the Company, the Trustee, for the benefit of the holders of the Equipment Notes, and the Lessee that, at the time of delivery of such Cars, Bethlehem had

legal title thereto and good and lawful right to sell such Cars and title to such Cars was free and clear of all claims, liens, security interests and encumbrances of any nature, except for those arising from, through or under the Company or created by this Agreement, the Equipment Note Agreement or the Lease. All payments of the Purchase Price for Groups of Cars shall be made by the Company in cash or by wire transfer of funds immediately available in New York City. The obligation of the Company to purchase any Cars hereunder shall be conditioned upon funds for 80% of the Purchase Price for such Cars being loaned to the Company pursuant to the Loan and Financing Agreement. In the event such funds are not so loaned, Bethlehem shall have no obligation to produce or deliver future Cars.

4. *Default.* The Company agrees to notify Bethlehem (i) within five (5) days after the occurrence of a default referred to in §10A of the Lease or §10A of any Other New Lease, (ii) within forty-five (45) days after the occurrence of any and all events that would constitute a default in the payment of, or any failure to pay, any other monetary obligation under the Lease or under any Other New Lease and (iii) within five (5) days after the Company has knowledge of any other event that would constitute a default under the Lease or under any Other New Lease. For purposes of the preceding sentence the Company shall be deemed to have knowledge of an event that would constitute a default under the Lease or under any Other New Lease when such event has been brought to the attention of a responsible officer of the Company. If (i) any rental payments during the term of the Lease or any Other New Lease, or any additional payments for taxes, insurance premiums or other charges required by the Lease or by any Other New Lease are not made when due, whether by the Lessee or other parties, and such payments remain unpaid for five (5) days, or (ii) an event specified in §10E of the Lease shall have occurred and be continuing, or (iii) the Company or the Trustee shall by reason of the occurrence of any other Event of Default under the Lease or any Other New Lease terminate either thereof in accordance with the terms of such instrument, or (iv) the Lease shall be terminated pursuant to §22 thereof (which, for purposes of this Agreement, shall be considered an Event of Default thereunder), the Company or (so long as the Equipment Note Agreement shall be in full force and effect) the Trustee as its assignee, upon such event becoming known to a Responsible Officer (as defined in

the Equipment Note Agreement) of the Trustee, shall give written notice to Bethlehem (the Default Notice) that such Event of Default or default has occurred. The Default Notice shall also include a description of the Event of Default or default giving rise to the transmission of the Default Notice. Within ninety (90) days after the giving of the Default Notice, the Company shall send to Bethlehem a further notice (the Delivery Notice) including (i) a list of the identification numbers of the Cars of which possession can be (or is expected to be), within one hundred eighty (180) days thereafter, delivered to Bethlehem, accompanied by the form of Bill of Sale which will be delivered to Bethlehem upon the exercise by Bethlehem of the option described in paragraph 6(A)(i), which Bill of Sale will warrant to Bethlehem that such Cars are free and clear of all claims, liens, security interests and encumbrances of any nature except as created by this Agreement and the Equipment Note Agreement, (ii) the time of the proposed delivery of such Cars, and (iii) the point or points on the railway lines operated as of the date of this Agreement by the initial Lessee of the proposed delivery which will be at any of the terminals, yards or loading facilities operated as of the date of this Agreement by the initial Lessee or such other place or places as shall be agreeable to Bethlehem. The Company agrees to use its reasonable efforts to locate the Cars to be included in the list of Cars under the Delivery Notice. No delay or failure by any party to give any notice under this paragraph 4 shall operate as a waiver of any of the rights of the Company or the Trustee.

5. *Casualty Value.* For the purposes of this Agreement, the Casualty Value of the Cars shall (except as used in paragraph 11) always be determined as of the date of payment and shall be the Casualty Value, as defined in the Lease, of the Cars on said date.

6. *Options.* (A) Upon receipt of the Default Notice, Bethlehem shall within one hundred twenty (120) days thereafter (subject to deferral as provided in paragraph 6(B)) give written notice to the Company and (so long as the Equipment Note Agreement shall be in full force and effect) the Trustee that it elects one of the following options:

(i) Bethlehem will (a) in addition to payment of the installment of rent then due and payable, purchase for cash at an amount equal to their Casualty Value that number of Cars which can be delivered, with payment to be made to the Company or (so long as the Equip-

ment Note Agreement shall be in full force and effect) to the Trustee, upon the delivery (which shall be on the date specified in the following clause (b)) of such Cars and the Bill of Sale covering such Cars, and (b) pay to the Company or (so long as the Equipment Note Agreement shall be in full force and effect) to the Trustee, in addition to the installment of rent then otherwise due and payable, on the monthly rental payment date specified in the Lease next following the lapse of one hundred eighty (180) days after receipt by Bethlehem of the Default Notice (or, if Bethlehem has extended its time for election of an option as provided in paragraph 6(B) to a date more than one hundred eighty (180) days after its receipt of the Default Notice, on the monthly rental payment date next following such election), an amount equal to the Casualty Value of all Cars (other than Cars as to which Casualty Value has previously been paid as the result of a Casualty Occurrence, as defined in the Lease, with respect thereto) that cannot be delivered or have not been delivered or cannot or have not been delivered with a Bill of Sale substantially in the form specified in paragraph 4 hereof; or

(ii) Bethlehem will (a) lease or cause to be leased from the Company that number of Cars which can be delivered by the Company, and Bethlehem agrees to enter into or to cause another person to enter into an agreement of lease (any such agreement of lease entered into by Bethlehem with the Company being hereinafter referred to as the New Lease and any such lease being entered into by any party other than Bethlehem with the Company being herein referred to as an Other New Lease) with the Company for those Cars, which New Lease or Other New Lease will be substantially in the form of Schedule B hereto and accompanied in the case of any Other New Lease by an executed Lessee's Consent and Agreement substantially in the form of Schedule C hereto, and, subject to the prior recordation thereof under Section 20c of the Interstate Commerce Act, shall be effective upon the date of delivery of such Cars for the period remaining under the Lease at the applicable rental rates set forth in the Lease, and (b) pay to the Company or (so long as the Equipment Note Agreement shall be in full force and effect) to the Trustee, in addition to the installment of rent then otherwise due and payable, on the monthly rental payment date specified in the Lease next following the lapse of one hundred eighty (180) days after receipt of the Default Notice (or, if Bethlehem has extended its time for election of an option as provided in paragraph 6(B) to a date more than one hundred eighty (180) days after its receipt of the Default Notice, on the monthly rental payment date next following such election), an amount equal to the Casualty Value of all Cars (other than Cars as to which Casualty Value has previously been

paid, as aforesaid) that cannot be delivered or have not been delivered.

(B) Bethlehem may by written notice to the Company and the Trustee extend the time for electing any of the options described in this paragraph 6 provided that it is complying with paragraph 7 hereof, in respect of the rental and other monetary obligations of the Lessee under the Lease and with paragraph 6(F) hereof, if applicable, but such election shall be made by Bethlehem in no event later than three hundred sixty (360) days after receipt of the Default Notice.

(C) If an Event of Default or default as described in paragraph 4 hereof has occurred and Bethlehem has been given the Default Notice, Bethlehem must be given the right to exercise the options described in this paragraph 6 as being available to it; provided, however, that at any time prior to Bethlehem's exercise of one of the options described in paragraph 6(A), the party which has given such Default Notice may, with Bethlehem's concurrence, which concurrence shall not be unreasonably withheld, terminate the Default Notice (and thereby, Bethlehem's right to exercise the options) by giving written notice to Bethlehem, accompanied by payment (for the making of which the Trustee shall under no circumstances be responsible) to Bethlehem of an amount equal to that paid by Bethlehem to the Company hereunder subsequent to the Default Notice, together with interest from the date of Bethlehem's payment(s) to the date of the Company's repayment under this paragraph 6(C) at the rate provided in §18 of the Lease, in which event the Default Notice (and any Delivery Notice consequent thereupon) shall be deemed terminated, subject to re-issuance in the event of a subsequent Event of Default or default described in paragraph 4 above.

(D) The right of Bethlehem to purchase any Cars pursuant to the option set forth in paragraph 6(A) (i) may not be exercised or consummated if, in doing so, Bethlehem is also refinancing the transactions contemplated by this Agreement.

(E) As used in this paragraph 6 and in paragraphs 5, 7, 8, 9 and 19 hereof the term Lease shall, from and after the entering into of any Other New Lease, mean such Other New Lease. As used in this Agreement, the term initial Lease shall mean the Lease between the Trustees referred to in the first recital hereto (including their successor or

successors assuming their obligations under such Lease) and the Company. Bethlehem's obligations under this paragraph 6 and paragraph 7 hereof shall be the same with respect to any Default Notice given in connection with any default under any Other New Lease as if such Default Notice had been given in connection with a default under the initial Lease.

(F) If the Lease shall be terminated at any time prior to the exercise and full performance by Bethlehem of one of the options described in this paragraph 6, Bethlehem shall during the period from the date of termination to the date performance is completed comply with all of the provisions of the Lease (except, in the case of the initial Lease, §§18 and 24 thereof) to the same extent as if it were the Lessee thereunder, notwithstanding the termination thereof; and references in this paragraph 6 to monthly rental payment dates under the Lease shall continue to apply irrespective of any such termination thereof.

(G) If the Equipment Notes shall have been declared due and payable by a Declaration under Section 7.1 of the Equipment Note Agreement as a result of an Event of Default under Section 7.1(b), (c), (d), (e) or (f) thereof (excluding for the purposes of this paragraph 6(G) all references in said Section 7.1(d), (e) or (f) to "Manufacturer"), and the Trustee shall elect to sell the Cars pursuant to said Section 7.1, Bethlehem agrees, for the benefit of the Trustee and the holders of the Equipment Notes, that upon receiving notice of such sale, it will submit a bid in an amount not less than the aggregate unpaid principal amount of the Equipment Notes, plus interest accrued thereon to the date of such sale, plus any amounts then owing to the Trustee under the Equipment Note Agreement, and (if no higher bid is received by the Trustee at such sale) purchase such Cars from the Trustee at such sale for cash in an amount equal to the amount set forth in such bid.

7. *Rental Payments by Bethlehem.* Without limiting the generality of the foregoing paragraph 6(F), and whether or not the Lease shall at the time be in full force and effect, Bethlehem agrees to make payment to the Company or (so long as the Equipment Note Agreement shall be in full force and effect) to the Trustee of the rentals set forth in the Lease (including all rentals theretofore due but not yet paid) in lieu of payment thereof by the Lessee under the Lease commencing within fifteen (15) days after receipt of each Default Notice, if such payments are not otherwise then being made by a party other than

Bethlehem, and to continue future payments until such rental payments are being made or until Bethlehem has fully exercised and performed one of the options described in the foregoing paragraph 6(A). In the event that any Car for which Bethlehem has assumed the rental obligation of the Lessee shall be or become worn out, lost, stolen, destroyed, or, in the opinion of Bethlehem or the Company, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 180 consecutive days (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Car in the manner set forth in §14 of the Lease, the Company or Bethlehem, as the case may be, shall promptly and fully notify the other and the Trustee with respect thereto. In each such case Bethlehem agrees to assume the obligations of the Lessee with respect to such Car set forth in §7 of the Lease. Upon the making of the payment by Bethlehem required by said §7 in respect of such Car, Bethlehem's obligation under this paragraph 7 to pay rentals for such Unit shall cease, and (except in the case of the loss, theft or complete destruction of such Car) Bethlehem shall be entitled to possession of such Car. Bethlehem hereby appoints the Lessee and the Company as its agents to dispose of any Car suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that Bethlehem has previously paid all sums due under §7 of the Lease in respect of such Car, Bethlehem shall be entitled to the proceeds of such sale to the extent they do not exceed the sums so paid, and shall pay any excess to the Company or (if the Equipment Note Agreement shall be in full force and effect) to the Trustee.

As used in this paragraph 7 and elsewhere in this Agreement, the term "rentals", when used with respect to amounts payable under the Lease, shall be deemed to include all monetary obligations payable by the Lessee under the Lease other than any such amounts payable pursuant to the provisions of §§18 or 24 of the initial Lease.

8. *Monies Received by the Company after Default.* In the event Bethlehem exercises and has fully performed the option described in paragraph 6(A)(i), Bethlehem (i) shall be entitled to receive from the Company from the date of the default under the Lease any and all amounts collected by the Company from the Lessee or any other parties (other than Bethlehem), whether as rentals or other payments for the use of any Cars purchased by Bethlehem in accordance with the

option described in paragraph 6(A) (i) or as payment for the loss, disappearance or destruction of such Cars, and (ii) shall be subrogated to any and all rights to collect said rentals or payments that the Company may have against the Lessee or any other parties with respect to such Cars.

In the event Bethlehem exercises and has fully performed the option described in paragraph 6(A) (ii), Bethlehem (i) shall be entitled to receive from the Company any and all amounts collected by the Company from the Lessee or any other parties (other than Bethlehem) as rentals or other payments for the use of the Cars for which Bethlehem has assumed the rental obligations of the Lessee, provided such rentals or other payments have been collected for the period for which Bethlehem has assumed the Lessee's rental obligation, and (ii) shall be entitled to receive from the Company all amounts collected by the Company as a payment for the loss, disappearance or destruction of any Cars for which Bethlehem has paid an amount equal to the Casualty Value pursuant to paragraph 6(A) (ii), and shall be subrogated to any and all rights to collect said payments that the Company may have against the Lessee or any other parties with respect to such Cars.

9. *Taxes; License Fees.* All payments to be made by the Company to Bethlehem hereunder will be free of expense to Bethlehem for collection or other charges and with respect to the amount of any local, state or federal taxes (other than income, gross receipts [except gross receipts in the nature of and in lieu of sales taxes], excess profits and similar taxes) or license fees hereafter levied or imposed upon, or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which expenses, taxes and license fees the Company assumes and agrees to pay on demand in addition to any payments that may otherwise be due; provided, however, that the Company will have no obligation to pay any such expenses, taxes (other than sales taxes included in the purchase price of the Cars) or license fees unless it shall have received payment thereof from the Lessee pursuant to the Lease. Similarly, all payments to be made by Bethlehem to the Company or the Trustee hereunder will be free of expense to the Company for collection or other charges and with respect to the amount of any local, state or federal taxes (other than income, gross receipts [except gross receipts in the nature of and in lieu of sales taxes], excess profits and similar taxes) or license fees hereafter levied

or imposed upon, or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which expenses, taxes and license fees Bethlehem assumes and agrees to pay on demand in addition to any payments that may otherwise be due.

10. *Patent Indemnities.* Except in case of designs, processes or combinations specified by the Company or the Lessee and not developed or purported to be developed by Bethlehem, and articles and materials specified by the Company or the Lessee and not manufactured by Bethlehem, Bethlehem agrees to indemnify, protect and hold harmless the Company, the Trustee, for the benefit of the holders of the Equipment Notes, and the Lessee from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against any of them because of the use in or about the construction or operation of the Cars, or any thereof, or any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Company likewise will indemnify, protect and hold harmless Bethlehem from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against Bethlehem because of the use in or about the construction or operation of the Cars, or any thereof, of any design, process, or combination specified by the Company and not developed or purported to be developed by Bethlehem, or article or material specified by the Company and not manufactured by Bethlehem, which infringes or is claimed to infringe on any patent or other right. Bethlehem agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Company, the Trustee, for the benefit of the holders of the Equipment Notes, and the Lessee every claim, right and cause of action which Bethlehem has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Company and used by Bethlehem in or about the construction or operation of the Cars, or any thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or any other right, and Bethlehem further agrees to execute and deliver to the Company or

the Trustee or the Lessee, as the case may be, all and every such further assurances as may be reasonably requested by the Company or said Trustee or said Lessee more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. Bethlehem will give notice to the Company, the Trustee and the Lessee of any claims known to Bethlehem from which liability may be charged against the Company, the Lessee or the Trustee hereunder. The Company will give notice to Bethlehem of any claim known to the Company on the basis of which liability may be charged against Bethlehem hereunder.

11. *Insurance.* Except for any period during which self-insurance shall be permitted under the New Lease, the Company agrees to maintain, or cause to be maintained, insurance on the Cars in an amount not less than Casualty Value, except that such coverage may be limited so that any loss (i) amounting to less than \$1,000.00 per Car, or (ii) amounting to more than \$2,500,000.00 per occurrence, shall not be payable by the insurer.

12. *Company Representations and Warranties.* The Company represents and warrants to Bethlehem that (i) except as may be disclosed by the Company in writing at the signing hereof, no brokerage fees, commissions or finders fees are due arising out of the transactions provided for herein (except as may arise from or through any act of Bethlehem) and that any fees or commissions so disclosed are the responsibility of, and shall be paid by, the Company; (ii) the Lease has been duly authorized, executed and delivered by the Company and (assuming due authorization, execution and delivery by the Lessee) is a legal, valid and binding agreement between the parties thereto enforceable in accordance with the terms thereof; (iii) this Agreement has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery by Bethlehem, is a legal, valid and binding agreement and enforceable against the Company in accordance with the terms hereof, subject to any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally.

13. *Bethlehem Representations and Warranties.* Bethlehem represents and warrants to the Company, the Trustee, for the benefit of the holders of the Equipment Notes, and the Lessee as follows: (i) Bethlehem is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware and is duly qualified

to do business in such jurisdictions as are necessary for it to carry out the obligations on its part to be performed under this Agreement and the Manufacturer's Consent and Agreement appended hereto; (ii) the execution and delivery of this Agreement and said Manufacturer's Consent and Agreement and the bills of sale for the Cars are within its corporate power, have been duly authorized by Bethlehem and will not contravene any provisions of law to which Bethlehem is subject or of its charter, by-laws or any agreement or any instrument evidencing indebtedness of Bethlehem binding upon it; (iii) assuming (in the case of this Agreement) due authorization, execution and delivery by the Company, this Agreement and said Consent and Agreement are, and said bills of sale will be, when and if delivered, legal, valid and binding agreements, enforceable against Bethlehem in accordance with the respective terms thereof, except as enforcement may be subject to any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally; and (iv) the entering into this Agreement or performance by Bethlehem of the transactions contemplated hereby is not pursuant to or in furtherance of any plan, arrangement or understanding made on its behalf arising out of, in connection with or in any manner related to, any prior, existing or presently contemplated investment in, or transaction or relationship with, any Lender with respect to any employee benefit plan or related trust (within the meaning of the Employee Retirement Income Security Act of 1974 or the Internal Revenue Code of 1954, as amended) of Bethlehem or any of its affiliates.

14. *Cancellation.* Notwithstanding anything contained herein to the contrary, the Company may cancel its obligations hereunder as to any Cars on which Bethlehem has not commenced production by giving written notice to Bethlehem on or after the date of any Default Notice. Bethlehem shall have no obligation to produce and deliver any Cars after receipt of any Default Notice.

15. *Assignment.* This Agreement shall not be assignable by either party hereto without the written consent of the other party, except that in connection with the financing contemplated by the Loan and Financing Agreement the Company may as provided in the Equipment Note Agreement assign to the Trustee thereunder its rights under this Agreement, but such assignment shall not affect or modify the terms of payment hereinabove specified, nor release the Company from its obliga-

tion to purchase and pay for the Cars in accordance with the terms of this Agreement. Nothing herein, expressed or implied, is intended to confer upon any person, other than the parties hereto and the Trustee, for the benefit of the holders of the Equipment Notes, their successors and assigns, any rights under or by reason of this Agreement. All of the terms and conditions hereof shall be binding upon the Company and Bethlehem, and inure to the benefit of the successors and assigns of the Company, Bethlehem and the Trustee, for the benefit of the holders of the Equipment Notes, respectively.

16. *Waiver; Amendment; Conflict.* The provisions of this Agreement may (with the prior written consent of the Trustee) be waived or amended by the parties hereto, provided such action is evidenced by a written instrument setting forth the terms of the waiver or amendment and signed by the party having the right to agree to such waiver or amendment.

17. *Notices.* Any notice or other document to be given hereunder by any party to the other party, including notice of the exercise of any options or rights under paragraph 6 herein, shall be in writing and delivered personally or sent by registered mail, postage prepaid, if to Bethlehem addressed to it, attention of the Treasurer, Martin Tower, Bethlehem, Pennsylvania 18016, if to the Company addressed to it, attention of Vice President—Administration, Greyhound Tower, Phoenix, Arizona 85077 and if to the Trustee under the Equipment Note Agreement, addressed to it at 20 Pine Street, New York, New York 10015, Attention: Corporate Trustee Administration. The date of receipt, if Notice is sent by registered mail return receipt requested, or the day of delivery, if by personal delivery, shall be the effective date of the Notice.

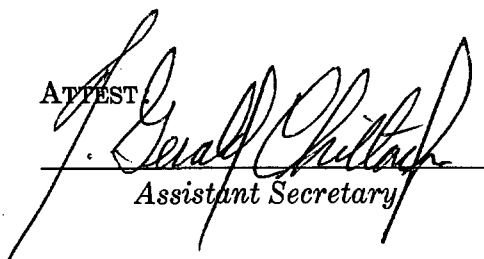
18. *Governing Law.* This Agreement and all rights and obligations hereunder shall be governed by the laws of the State of New York.

19. *Renewal of Lease.* This Agreement shall expire upon the expiration of the original term of the Lease and Bethlehem and the Company shall have no obligations hereunder during any extended term thereof, except such as may have arisen during the original term thereof.

20. *Indemnification.* Bethlehem agrees to indemnify, protect and hold harmless the Company, the Parent and the Trustee, for the benefit of the holders of the Equipment Notes, from and against any and all liability, claims, demands, costs, charges and expenses, including counsel fees, in any manner imposed upon or accruing against any of them or any such holder by reason of the occurrence of an Event of Default as defined in Article 7 of the Equipment Note Agreement, if such occurrence is occasioned by Bethlehem's failure to perform any of its obligations under paragraph 6 or 7 hereof or the falsity, incorrectness or breach of any of its representations and warranties under paragraph 1, 3 or 13 hereof.

IN WITNESS WHEREOF, Greyhound Equipment Leasing Corporation and Bethlehem Steel Corporation have caused this Agreement to be executed by their respective officers thereunto duly authorized and their respective corporate seals to be hereunto attested by their respective Secretaries or Assistant Secretaries, as of the second day of September, 1975.

ATTEST:


Assistant Secretary

GREYHOUND EQUIPMENT
LEASING CORPORATION

By


Vice President

ATTEST:


Assistant Secretary

BETHLEHEM STEEL CORPORATION

By


Vice President

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

On this 24th day of November 1975, before me personally appeared ROBERT H. DAMA, to me personally known, who, being by me duly sworn, says that he is a Vice President of GREYHOUND EQUIPMENT LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on this day on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

My Commission expires

Frederick J. Pomerantz
Notary Public
FREDERICK J. POMERANTZ
NOTARY PUBLIC, State of New York
No. 31-4605429
Qualified in New York County
Commission Expires March 30, 1977

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF LEHIGH } SS.:

On this 30th day of November 1975, before me personally appeared David Adams IV, to me personally known, who, being by me duly sworn, says that he is a Vice President of BETHLEHEM STEEL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on this day on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

My Commission expires

My Commission Expires
August 14, 1978
City of Bethlehem
Lehigh County

Lucy B. Kyle
Notary Public

**Schedule A
To
Manufacturing Agreement**

**GREYHOUND CERTIFICATE OF INSPECTION AND
ACCEPTANCE NO. .**

This is to certify on behalf of Greyhound Equipment Leasing Corporation (Greyhound) and Joseph L. Castle and Andrew L. Lewis, Jr., Trustees of the Property of Reading Company, Debtor (the Railroad Trustees) * that the following railroad equipment (the Units), manufactured by Bethlehem Steel Corporation (Bethlehem) :

Road Number

Type

Car Numbers

has been delivered to, and accepted by, Greyhound on the date hereof pursuant to and in compliance with the Manufacturing Agreement dated as of September 2, 1975 between Greyhound and Bethlehem and by the Railroad Trustees under the Lease of Railroad Equipment dated as of September 2, 1975 between Greyhound and the Railroad Trustees.

This will certify, further (a) that the Units are in good order and condition and conform to the Specifications referred to in the Manufacturing Agreement, and (b) that there were plainly, distinctly, permanently and conspicuously marked upon each side of each Unit the following words in letters not less than one inch in height:

* In the event that the obligations under the Lease of the Railroad Trustees are assumed by a Directed or Acceptable Successor, the first paragraph and the signature block of this Schedule A should be appropriately altered.

GREYHOUND EQUIPMENT LEASING CORPORATION, OWNER AND LESSOR
CHEMICAL BANK, TRUSTEE, ASSIGNEE

and that each Unit was plainly and distinctly marked with the Road
Number set forth above with respect thereto.

Dated at Johnstown, Pennsylvania this day of , 197 .

GREYHOUND EQUIPMENT LEASING
CORPORATION
JOSEPH L. CASTLE AND
ANDREW L. LEWIS, JR., TRUSTEES
OF THE PROPERTY OF READING
COMPANY

By _____
Duly Authorized Representative

Lease of Railroad Equipment

Dated , 19

between

[BETHLEHEM STEEL CORPORATION/]

and

GREYHOUND EQUIPMENT LEASING CORPORATION

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and Agreement dated as of the date hereof] (said Consent and Agreement as in effect from time to time being hereinafter called the Consent) ;

WHEREAS, the Lessee is duly authorized to execute and deliver this Lease, and otherwise to make and carry out the covenants and agreements on its part herein contained; and

WHEREAS, the Lessee represents that all acts and things necessary to make this Lease valid and binding upon the Lessee have been done and performed;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§1. *Net Lease.* This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor, [*the Manufacturer,*] the Trustee or the holders of the Equipment Notes of the Lessor issued under the Equipment Note Agreement; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units after acceptance of such Units from whatsoever cause, any liens, encumbrances, except any created by the Lessor or otherwise provided for herein, or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the

same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever. The rentals and other sums payable by the Lessee hereunder shall be paid without notice, demand, counterclaim, setoff, deduction, recoupment or defense, and without abatement, suspension, deferment, diminution or proration by reason of any circumstance or occurrence whatsoever. Except as expressly provided hereunder, the Lessee waives all rights now or hereafter conferred by statute or otherwise to terminate or surrender this Lease or the Units or any part thereof or to any abatement, suspension, deferment, diminution, reduction or proration of the rentals and other sums payable hereunder on account of any occurrence described in this Lease.

§2. *Delivery and Acceptance of Units.* Upon the recordation of this Lease with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, all Units shall, as of that time, automatically, and without further act or deed by either the Lessor or the Lessee, be deemed delivered by the Lessor and accepted by the Lessee under the terms of this Lease, and said Units shall thereafter be subject to all the provisions of this Lease.

§3. *Rentals.* The Lessee agrees to pay to the Lessor, as rental for each Unit then subject to this Lease, in each case one business day prior to the first day of each month during the term of this Lease, an amount equal to 0.99044% of the Purchase Price, as defined in the Manufacturing Agreement (hereinafter called the Purchase Price), of such Unit.*

The Lessor irrevocably instructs the Lessee to make, and the Lessee agrees to make, all the payments provided for in this Lease for the account of the Lessor in care of the Trustee, at 20 Pine Street, New York,

* If this Lease were entered into prior to commencement of the "firm 15-year term" of the Lease between the Railroad Trustees and the Lessor, adjustments in rental analogous to those in §§3(a) and (b) of such Lease would be necessary.

New York 10015, Attention: Corporate Trustee Administration, on or before 11:00 a.m., New York City time, on the date upon which such payments are due and payable; *provided, however*, that from and after the payment in full of all principal and interest on all the Equipment Notes and all sums owing to the Trustee under the Equipment Note Agreement, the payments provided for in this Lease shall be made to the Lessor at the latest address specified for the purpose in a writing furnished by the Lessor to the Lessee. Such payments made in care of the Trustee shall be accompanied by instructions to the Trustee, first, to apply such payments to satisfy the obligations of the Lessor under the Equipment Note Agreement, and the Equipment Notes due and payable on the next succeeding Installment Date (as defined in the Equipment Note Agreement) and, second, so long as no Event of Default or event which with the giving of notice or lapse of time or both, as provided in the Equipment Note Agreement, would constitute an Event of Default under the Equipment Note Agreement shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this §3 in funds immediately available in New York City.

§4. *Term of Lease.* The term of this Lease as to each Unit shall commence upon the recordation of this Lease as aforesaid, and (subject to earlier terminations in accordance with the express provisions hereof) shall expire as to such Unit on (*).

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessor under this Lease and in and to the Units are subject to the rights of the Trustee and the holders of the Equipment Notes under the Equipment Note Agreement. If an Event of Default should occur under the Equipment Note Agreement, the Trustee may exercise any of the remedies provided for therein, and/or terminate this Lease (or rescind its termination), all as provided herein and therein.

§5. *Identification Marks.* Upon delivery to the Lessee, each of the Units shall have plainly, distinctly, permanently and conspicuously marked upon each side of such Unit the following words in letters not less than one inch in height:

* To be filled in to produce the same expiration date as to each Unit as defined under the Lease between the Lessor and the Railroad Trustees.

GREYHOUND EQUIPMENT LEASING CORPORATION, OWNER AND LESSOR
CHEMICAL BANK, TRUSTEE, ASSIGNEE

In case, during the continuance of this Lease, any such marking shall at any time be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Unit, the Lessee shall immediately cause the same to be restored or replaced. The Lessee will not allow the name of any person, association or corporation to be placed on any of the Units as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than the Lessor or its assignee; but the Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or subsidiaries or sublessees for convenience of identification of the rights to use and operate the Units under this Lease.

On or prior to the time of delivery of each Unit to the Lessee, the identifying number of each Unit (which is in each case the Road Number of such Unit most recently designated by the Trustees of the Property of Reading Company, Debtor or any lessee under any prior Other New Lease, as defined in the Manufacturing Agreement) was placed on each side of such Unit. At all times during the continuance of this Lease, the Lessee will cause each Unit to bear the number so assigned to it, and the Lessee will not change or permit to be changed, the numbers of any such Units, except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Trustee and the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease or the Equipment Note Agreement has been filed, recorded or deposited and the Lessee shall have furnished to the Lessor and the Trustee an opinion or opinions of counsel with respect to such filings, recordings or deposits of such statement to the effect set forth in §§15(a)(ii) and 15(b) hereof.

§6. *Taxes.* All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, federal or foreign taxes (other than any United States federal income tax payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or city income taxes or franchise taxes measured by net income based

on such receipts, up to the amount of any such taxes based on such receipts which would be payable to the State of Arizona and City of Phoenix without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, of the Equipment Note Agreement or of the Manufacturing Agreement, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of the ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor to or the interest of the Trustee in such Unit, or result in a lien upon any such Unit; *provided, however*, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor or the Trustee, adversely affect the title, property or rights of the Lessor hereunder or the Trustee or the holders of the Equipment Notes under the Equipment Note Agreement. The Lessee agrees to give the Lessor notice of such contest within 30 days after institution thereof. If any impositions shall have been charged or levied against the Lessor directly, the Lessor shall not pay such impositions without notification to the Lessee, giving the Lessee a right to contest, in good faith and at the Lessee's sole expense, such impositions on behalf of the Lessor, but if thereafter the Lessor shall pay such impositions, the Lessee shall reimburse the Lessor on presentation of an invoice therefor.

In the event that the Lessor shall become obligated to make any payment to the [*Manufacturer, the*] Trustee or the holders of the Equipment Notes or otherwise pursuant to any correlative provision of the [*Manufacturing Agreement or the*] Equipment Note Agreement, not

covered by the foregoing paragraph of this §6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision.

In the event that, during the continuance of this Lease, any reports with respect to impositions involving any Units are required to be made, the Lessee will either make such reports in such manner as to show the interest of the Lessor, the Trustee and the holders of the Equipment Notes in such Units or notify the Lessor and the Trustee of such requirement and make such reports in such manner as shall be satisfactory to the Lessor and the Trustee.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this §6, such liability shall continue, notwithstanding the expiration or termination of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this §6, the Lessor hereby authorizes the Lessee to act in its own name and on its behalf; *provided, however*, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this §6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§7. *Payment for Casualty Occurrences; Insurance.* In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessor or the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of use by the Lessee for a period of 180 consecutive days (such occurrences being hereinafter called Casualty Oc-

currences), prior to the return of such Unit in the manner set forth in §14 hereof, the Lessee shall promptly and fully notify the Lessor and the Trustee with respect thereto. On the rental payment date next succeeding such notice the Lessee shall pay to the Lessor, in addition to the installment of rent then otherwise due and payable, an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule set out below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, [or/,] complete destruction [*or return to the Manufacturer*] of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor. The Lessee itself may be a purchaser hereunder of the Unit or Units at its or their Fair Market Value as of the date of the Casualty Occurrence as determined under §13 hereof and may treat such Casualty Value paid to the Lessor as an installment on such purchase price.

Subject to adjustment pursuant to the provisions of §17 hereof, the Casualty Value of each Unit as of the rental payment date on which payment is to be made as aforesaid shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite the number of such rental payment:*

<u>Rental Payment Number</u>	<u>Percentage of Purchase Price</u>	<u>Rental Payment Number</u>	<u>Percentage of Purchase Price</u>
----------------------------------	---	----------------------------------	---

* Schedule to be completed, subject to the third paragraph of this §7, on the basis of the term of this Lease, the commencement of which is not presently ascertainable. The Percentages of Purchase Price shall correspond to such percentages as appear in §7 of the Lease dated as of September 2, 1975 between the Lessor and the Railroad Trustees except that the Rental Payment Number for each such percentage shall be advanced by a number equal to the number of rental payments made under such Lease.

Anything contained in this Lease or in the Manufacturing Agreement to the contrary notwithstanding, the Casualty Value for the Units as of any date of computation shall in no event be less than the unpaid principal amount of the Equipment Notes outstanding as of such date of computation plus interest accrued thereon to such date. The Casualty Value has been calculated on the premise that any and all rent due for the applicable period and any and all prior periods has been paid by the Lessee on or before the due date.

Whenever any Unit shall suffer a Casualty Occurrence after expiration of this Lease (but not early termination pursuant to §10 hereof) and before such Unit shall have been returned in the manner provided in §14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 15% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft [or /,] complete destruction [*or return to the Manufacturer*] of such Unit), the Lessee may purchase the Unit or Units as provided in the first paragraph of this Section.

Except as hereinabove in this §7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

[The Lessee is, for the most part, a self-insurer of its assets against damage or destruction and public liability. The Lessee shall not self-insure hereunder if (i) the Lessee's publicly-held long-term obligations shall cease to be given one of the three highest ratings by either Moody's Investors Service, Inc. or Standard & Poor's Corporation, or (ii) the Lessee shall cease to maintain a net worth, computed in accordance with generally accepted accounting principles, of at least \$50,000,000. If the Lessee at any time shall carry property damage or public liability insurance with specific reference to the Units or the operation thereof, the Lessor, the holders of the Equipment Notes and the Trustee shall be made additional insureds thereunder or included therein as their interests may appear. If the Lessee at any time shall cease to be for the most part, or shall be prevented hereby from being such a

self-insurer, it/*The Lessee*] will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained with insurers acceptable to the Lessor and the Trustee all-risk property insurance (including mysterious disappearance coverage) in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by railroad companies in respect of similar equipment and, in any event, comparable in amounts and against risks insured against by the Lessee in respect of similar equipment owned by it, and the benefits thereof shall be payable to the Trustee, the holders of the Equipment Notes, the Lessor and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the Equipment Notes shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. [*Said public liability insurance shall also, prior to June 30, 1976, insure the interest, if any, of the Manufacturer.*] Notwithstanding the foregoing, Lessee shall [, if it ceases to be for the most part, or shall be prevented hereby from being, such a self-insurer,] maintain such property insurance with respect to each Unit at the time subject hereto in an amount not less than the Casualty Value of such Unit from time to time (determined as of the preceding rental payment date for such Unit); *provided, however,* that such property insurance may be limited so that any loss (i) amounting to less than \$1,000 per Unit, or (ii) amounting to more than \$2,500,000 per occurrence, shall not be payable by the insurer, and that coverage with respect to public liability insurance may be limited so that any loss amounting to less than \$100,000 per occurrence shall not be payable by the insurer. Such insurance policies shall provide that they may be altered or cancelled by the insurer only after 30 days' written notice by the insurer to the Lessor and the Trustee and shall (except in the case of public liability policies) insure the interests of the Lessor and the Trustee regardless of any breach or violation by the Lessee of any warranties, declarations or conditions contained in such policies.

[If the Lessee shall self-insure hereunder, it releases the Lessor, the Trustee and the holders of the Equipment Notes from, agrees that the Lessor, the Trustee and the holders of the Equipment Notes shall not be liable for, and agrees to indemnify and hold the Lessor, the Trustee and

the holders of the Equipment Notes harmless from, any liability for any loss or damage to property or any injury to or death of any person, and any other expense consequent upon or relating to any such loss, damage, injury or death, that may be occasioned by any cause whatsoever pertaining to the Units during the term of this Lease.]

Any net insurance proceeds as the result of insurance carried by the Lessee or any condemnation payments received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this §7. If the Lessor shall receive any such insurance proceeds or condemnation payments after the Lessee shall have made payments pursuant to this §7 without deduction for such insurance proceeds or condemnation payments, the Lessor shall pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which proceeds were paid has been fully repaired.

The Lessee hereby assigns any and all rights to receive payment in settlement for destruction of any Unit by another carrier (hereinafter called the Settlement) to the Lessor. The Lessor hereby directs the Lessee to collect and receive such Settlement in trust for and for the benefit of the Lessor, and, to the extent such Settlement does not exceed the payments due to the Lessor in respect of a Casualty Occurrence of such Unit or Units for which the Settlement is made, to pay such Settlement over to the Lessor. The Lessor agrees to apply such Settlement, to the extent received, towards the satisfaction of Lessee's obligation to make payment to the Lessor in respect of a Casualty Occurrence of the Unit or Units for which Settlement is made, and the Lessor shall be entitled to any excess of such Settlement over such obligation.

§8. *Reports.* On or before March 31 (and in the case of the matters specified in clause (c), September 30) in each year, commencing with the first full calendar year after the date hereof, the Lessee will

furnish to the Lessor and the Trustee an accurate statement (a) setting forth as of the preceding December 31 the quantity, description and identifying numbers of all Units then leased hereunder and/or covered by the Equipment Note Agreement, the quantity, description and identifying numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such statement) or are then undergoing repairs (other than minor repairs) or are then withdrawn from use pending such repairs (other than minor repairs) and such other information regarding the condition and state of repair of the Units as the Lessor or the Trustee may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by §5 hereof have been preserved or replaced and (c) the nature and status of any monetary obligations delinquent under this Lease as of the preceding June 30 or December 31, as the case may be.

[In the event that the Lessee at any time shall cease to be for the most part, or shall be prevented hereby from being, a self-insurer of its assets against damage or destruction or public liability, it/*The Lessee*] will on the last day of each calendar year cause each of its insurance brokers, which shall be acceptable to the Lessor, to furnish to the Lessor a detailed report, dated as of the last day of such calendar year, signed by such broker, showing the insurance then carried and maintained on the Units, stating that all premiums then due have been paid and the opinion of such broker that the insurance then carried and maintained on or with respect to the Units is adequate for the protection of the interests of the Lessor, the Lessee and the Trustee under the Equipment Note Agreement in accordance with the terms hereof. The Lessor shall have the right, by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

The Lessee will also furnish to the Lessor, within 120 days after the end of each fiscal year, three copies of its balance sheet and related statements of income and surplus certified by independent public accountants selected by the Lessee [*and reasonably acceptable to the Lessor*], showing the financial condition of the Lessee at the end of and the results of its operations for such fiscal year [*. /and, upon the request*

of the Lessor, such other information or statements (including, without limitation, interim financial reports certified by the chief financial officer of the Lessee) related to the transactions contemplated hereby as may be helpful to the Lessor in evaluating the financial position of the Lessee.]

The Lessee will also furnish copies of the reports, if any, financial statements and other information and statements referred to in the preceding paragraphs of this §8 to all such holders of Equipment Notes as the Lessor may from time to time designate in writing to the Lessee.

§9. *Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification.* THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE, OR (EXCEPT AS SET FORTH IN §22 (a) HEREOF) AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, OR COMPONENT THEREOF, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee [./; *but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Manufacturer under the provisions of paragraph 1 of the Manufacturing Agreement; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights.*] The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the

following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units.

The Lessee agrees, for the benefit of the Lessor, the Trustee and the holders of the Equipment Notes, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation, use or storage of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; *provided, however*, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Trustee, adversely affect the property or rights of the Lessor, the Trustee or the holders of the Equipment Notes under this Lease or under the Equipment Note Agreement.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and condition.

Any and all additions to any Unit and any and all parts installed on and additions and replacements made to any Unit shall constitute accessions to such Unit and, at the cost and expense of the Lessee, full ownership thereof free from any lien, charge, security interest or en-

cumbrance (except for those created by the Equipment Note Agreement) shall immediately be vested in the Lessor. The Lessee shall not permit any special device or assembly to be attached or affixed to any Unit which may not be readily removed from such Unit without materially impairing such Unit or the value thereof unless such special device or assembly is to be considered an accession to such Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor, the Trustee, the Agent under the Loan and Financing Agreement and the holders of the Equipment Notes (Indemnitees) from and against all losses, damages, injuries, liabilities, claims and demands whatsoever (Claims), regardless of the cause thereof, and expenses, including, but not limited to, counsel fees and expenses, the reasonable compensation and expenses of the Trustee and said Agent, printing expenses, investment banker's fees and commissions, expenses of maintaining the Note Register pursuant to §2.5 of the Equipment Note Agreement, recordation expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default or an Event of Default under, the Equipment Note Agreement, the Equipment Notes, the Loan and Financing Agreement, or this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in §14 of this Lease and except that the Lessee shall not be required to indemnify any Indemnatee for any Claim resulting solely from such Indemnatee's wilful misconduct or gross negligence. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease. The obligations under this §9 shall be in addition to all other monetary obligations of the Lessee under this Lease, shall be part of the rentals payable hereunder and shall be payable within 30 days of service upon the Lessee of a written demand therefor.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other

than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee.

§10. *Default.* If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any amount provided for in §§3, 7 or 13 hereof, and such default shall continue for five days;

B. the Lessee shall make or permit any unauthorized assignment, sublease or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements contained herein or in the Consent by the Lessee, and such default shall continue for 30 days after written notice from the Lessor or the Trustee to the Lessee specifying the default and demanding that the same be remedied;

D. a period of 90 days shall have elapsed after

(1) the adjudication of the Lessee as a bankrupt by a court of competent jurisdiction; or

(2) the entry by a court of competent jurisdiction of an order approving a petition seeking reorganization of the Lessee under the Federal bankruptcy laws or any similar applicable law or statute of the United States of America or any State thereof; or

(3) the appointment by such court of a receiver or receivers of the Lessee or of all or any substantial part of its property upon the application of any creditor in any insolvency or bankruptcy proceeding or other creditor's suit;

but such period of ninety days shall not include any period during which any such adjudication, order or appointment shall be stayed upon appeal or otherwise or any period after it shall have been rescinded or reversed;

E. the filing by the Lessee of a petition in voluntary bankruptcy or the making by it of a general assignment for the benefit of creditors or the consenting by it to the appointment of a receiver or receivers of all or any substantial part of the property of the Lessee; or the filing by the Lessee of a petition or answer seeking reorganiza-

tion under the Federal bankruptcy laws or any similar applicable law or statute of the United States of America or any State thereof; or

F. any material representation made by the Lessee herein or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made,

then in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including net after-tax losses of federal and state income tax benefits to which the Lessor would otherwise be entitled to under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessee shall deliver possession of the Units to the Lessor in accordance with §11 hereof, and the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum (which, together with the amount referred to in the following clause (iii), shall in no event be less than the Casualty Value at the beginning of the month in which shall occur such termination with respect to all Units subject to this Lease) with respect to each Unit which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value

of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental and (iii) an amount which, after deduction of all taxes required to be paid by the Lessor in respect of all amounts payable by the Lessee to the Lessor hereunder, under the laws of any Federal, state or local government or taxing authority of the United States of America or under the laws of any taxing authority or governmental subdivision of a foreign country, shall, in the reasonable opinion of the Lessor, be equal to all or such portion of the Investment Credit (as defined in §17(a) hereof) lost, not claimed, not available for claim, disallowed or recaptured by or from the Lessor as a direct or indirect result of the breach of one or more of the representations, warranties and covenants made by the Lessee in §17(d) or any other provision of this Lease or the sale or other disposition of the Lessor's interest in any Unit after the occurrence of an Event of Default, plus such sum as shall, in the reasonable opinion of the Lessor, cause the Lessor's net return under this Lease to be equal to the net return that would have been available to the Lessor if it had been entitled to utilization of all or such portion of the ADR Deduction (as such deduction is defined in §17(a) hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of a Unit as a direct or indirect result of the breach of one or more of the representations, warranties and covenants made by the Lessee in §17(d) or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessee's loss of the right to use such Unit, any action or inaction by the Lessee or the sale or other disposition of the Lessor's interest in such Unit after the occurrence of an Event of Default, plus such sum as will pay or reimburse the Lessor for any interest, penalties or additions to tax incurred in connection with such loss, failure to claim, inability to claim, disallowance or recapture.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies

in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§11. *Return of Units Upon Default.* If the Lessor shall exercise its option to terminate its Lease pursuant to §10(b) hereof, the Lessee shall upon notice from the Lessor forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall meet the standards then in effect under the interchange rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization having jurisdiction in the premises. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith place such Units upon such storage tracks owned or leased by the Lessee or any of its subsidiaries, affiliates or sublessees as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad owned or leased by the Lessee or any of its subsidiaries, affiliates or sublessees or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of

the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. In the event that the Units or any thereof are sold pursuant to the exercise of the Trustee's remedies under the Equipment Note Agreement, the Lessee shall pay to the Trustee the per diem interchange for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this §11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§12. *Assignment; Possession and Use.* This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§6, 7, 9, 10 and 17 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns.

So long as the Lessee shall not be in default under this Lease, the Lessee (i) shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor, which shall not be unreasonably withheld, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them and (ii) may sublease such interest or any portion thereof; *provided, however*, that any such sublease shall

be made expressly subject and subordinate to all the restrictions and other terms of this Lease, shall include provisions similar to those contained herein for the maintenance and insurance of the Units subleased thereby and shall have a term not continuing beyond the term of this Lease. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor, the Trustee or the holders of the Equipment Notes or resulting from claims against the Lessor, the Trustee or the holders of the Equipment Notes not related to the ownership or leasing of the Units or the Trustee's or such holder's security interest therein) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Lessee, the Trustee or the holders of the Equipment Notes therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this paragraph and the immediately succeeding paragraph.

[Nothing in this §12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any railroad corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.]

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any subsidiary, sublessee or affiliate upon lines of railroad, if any, owned or operated by it or any such subsidiary, sublessee or affiliate or upon lines of railroad, if any, over which the Lessee or any such subsidiary, sublessee or affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such subsidiary, sublessee or affiliate is regularly operated pur-

suant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or to others than railroad companies, but only upon and subject to all the terms and conditions of this Lease; *provided, however*, that the Lessee shall not use or permit the use of any Units in service involving the operation and/or maintenance thereof outside the United States of America or Canada, *provided* that no Unit shall be in Canada for more than 120 days during any twelve month period. The Lessee may receive and retain compensation for such use from others so using any of the Units. The Lessee represents and warrants to the Lessor and the Trustee that the Units will be used, and are intended for use, in connection with interstate commerce.

§13. *Renewal Option; Purchase Option.* Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six months nor more than nine months prior to the end of the original term of this Lease or any extended term hereof, elect

(i) to extend the term of this Lease in respect of all, but not fewer than all, of such Units then covered by this Lease for one additional five year period commencing on the scheduled expiration of the original term of this Lease,

(ii) to extend the first extended term of this Lease in respect of all but not fewer than all of such Units then covered by this Lease for one additional five year period, commencing on the scheduled expiration of such extended term, provided that no such extended term shall extend beyond ten years from the date of expiration of the original term of this Lease, in each case at a rental equal to the "Fair Rental Value" of such Units payable in advance in sixty monthly payments for such five year period, such monthly payments to be made in each year of the extended term on the last day of such month, commencing with the last day of the month next preceding the first month of said extended term; or,

(iii) to purchase all, but not fewer than all, the Units covered by this Lease at the end of the original term of this Lease or any extended term hereof with respect to a Unit for a purchase price equal to the "Fair Market Value" of such Units as of the end of such original or extended term.

Fair Rental Value during any extended term of this Lease shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed

and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than a lessee currently in possession or a used equipment or scrap dealer) and an informed and willing seller under no compulsion to sell and, in such determination, cost of removal from the location of current use shall not be a deduction from such value.

If on or before four months prior to the expiration of the term of this Lease or any extended term hereof, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or Fair Market Value of the relevant Units, such value shall be determined in accordance with the applicable foregoing definition by a qualified independent Appraiser, which value shall be binding hereunder. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

§14. *Return of Units upon Expiration of Term.* As soon as practicable on or after the expiration of the original or any extended term of this Lease with respect to any Unit (unless the Unit is sold to the Lessee or the Lessee renews this Lease), the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks owned or leased by the Lessee or any of its subsidiaries, sublessees or affiliates as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same at any time within such three-month period, to any reasonable place on the lines of railroad owned or leased by the Lessee or any of its sub-

sidiaries, sublessees or affiliates or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; *provided, however*, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, on behalf of either the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this §14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

§15. *Opinions of Counsel.* Upon the execution and delivery of this Lease the Lessee will deliver to the Trustee and the Lessor

(a) an opinion of its counsel to the effect that:

(i) this Lease has been duly executed and delivered by the Lessee and, assuming due execution and delivery by the Lessor, is a legal, valid and binding agreement of the Lessee enforceable against the Lessee in accordance with its terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally from time to time in effect); and

(ii) the Equipment Note Agreement and this Lease have been duly filed and recorded with the Interstate Commerce Commission under Section 20c of the Interstate Commerce Act, and no other filing or recording is necessary to protect in the United States of America the right, title and interest of the Trustee in and to the Units, to make effective therein the security contemplated by the Equipment Note Agreement and for the full protection therein with

respect to the Units and this Lease of the holders of the Equipment Notes issued pursuant to the Equipment Note Agreement;

(iii) the rights of the Lessor as set forth in this Lease and the title of the Lessor to the Units are free and clear of the lien of any mortgage, security agreement or other instrument [evidencing indebtedness of/*binding upon*] the Lessee;

(iv) no litigation or administrative proceedings are pending or, to the knowledge of such counsel, are threatened against the Lessee, the adverse determination of which would affect the validity of this Lease or the rights of the Lessor to enforce the provisions hereof; and

as to such other matters as the Trustee, the holders of the Equipment Notes or their special counsel, or the Lessor, may reasonably request; and

(b) an opinion of special Canadian counsel for the Lessee (which special counsel shall be satisfactory to the Trustee and the Lessor) to the effect that this Lease has been filed, deposited or recorded in such public offices, and such arrangements for publication of notice thereof have been made, as are sufficient for the full protection in Canada of the rights of Lessor hereunder; and the Equipment Note Agreement has been filed, deposited or recorded in such public offices, and such arrangements for publication of notice thereof have been made, as are sufficient for the full protection of the right, title and interest of the Trustee in and to any Unit from time to time situated in any Province of Canada specifically referred to in §22(b)(v) hereof, to make effective therein the security contemplated by the Equipment Note Agreement, and for the full protection therein of the holders of the Equipment Notes issued thereunder or that no such action is necessary for such protection of the rights of the Lessor, the Trustee or the holders of the Equipment Notes.

§16. *Recording.* The Lessee, at its own expense, will cause (i) this Lease and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, (ii) this Lease to be deposited with the Registrar General of Canada in accordance with §86 of the Railway Act (and notice of such deposit to be given in the *Canada Gazette* pursuant to said §86), and (iii) the Equipment Note Agreement to be filed, deposited or recorded in such public offices in Canada, and

such arrangements for publication of notice thereof to be made, as are, in the opinion of special Canadian counsel referred to in §15(b) hereof, sufficient for the full protection of the right, title and interest of the Trustee in and to any Units from time to time situated in any Province of Canada specifically referred to in §22(b)(v) hereof, to make effective therein the security contemplated by the Equipment Note Agreement and for the full protection therein of the holders of the Equipment Notes issued thereunder. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor, the Trustee or the holders of the Equipment Notes, for the purpose of proper protection, to their satisfaction, of the Lessor's, the Trustee's and such holders' respective interests in the Units, or for the purpose of carrying out the intention of this Lease and the Lessee will promptly furnish to the Trustee evidences of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Trustee and the Lessor.

§17. *Federal Income Taxes.* (a) *Indemnity for Loss of Investment Tax Credit or Depreciation.* If, as the result of any action or failure to act of the Lessee, or if as a result of the use of the Units by an organization described in Sections 48(a)(4) or (5) of the Internal Revenue Code of 1954 (as in effect on September 2, 1975), (i) the Lessor (A) shall not be entitled to full use of the investment tax credit (hereinafter called the Investment Credit) allowed by Section 38 of the Internal Revenue Code of 1954 in effect on the date hereof (hereinafter called the Code) for "new section 38 property" at the rate of 10% with respect to the full Purchase Price of the Units placed in service prior to the date hereof, (B) shall have its tax increased on account of the recomputation of such Investment Credit pursuant to Section 47 of the Code, or (C) shall not be entitled for each of its taxable years (or portions thereof) during which this Lease is in effect to a depreciation deduction (as a result of not being allowed to the Lessor in the amounts and at the times a depreciation deduction would otherwise have been allowed) with respect to the full Purchase Price of the Units computed on the basis of a method of depreciation provided by Section 167(b)(2) or (3) of the Code, the asset depreciation range system of

Treas. Regs. §1.167(a)-11, an asset depreciation period of not more than twelve years and to a salvage value of 5% of the full Purchase Price of the Units, after application of a reduction pursuant to Section 167(f) of the Code (hereinafter called the ADR Deduction); and (ii) such loss of Investment Credit or ADR Deduction or increase in tax pursuant to Section 47 of the Code is not solely attributable to an act of the Lessor described in §17(b) hereof, then the Lessee shall pay to the Lessor, as supplemental rent, a sum (computed separately for each calendar year, or portion thereof) which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, or under the laws of any taxing authority or governmental subdivision of a foreign country, shall be equal to the sum (net of any income tax savings realized by the Lessor solely by reason of foreign income taxes being imposed on the Lessor with respect to the receipt of such sum) of (w) the amount of the Investment Credit lost by the Lessor (as a result of not being allowed to the Lessor in the amounts and at the times the Investment Credit would otherwise have been allowed) and/or (x) the increase in the Lessor's tax on account of any recomputation of Investment Credit, pursuant to Section 47 of the Code, and (y) an amount sufficient to give the Lessor the same after-tax cash flow for such taxable year (or portion thereof) as is contemplated by this Lease and would have resulted had such ADR Deduction been allowed to the Lessor in the amounts and at the times the ADR Deduction would otherwise have been allowed on the aforesaid basis, together with any interest, addition to tax or penalty which may be assessed by the United States Government against the Lessor in connection with such loss or recomputation of Investment Credit, or loss of ADR Deduction on the aforesaid basis, which amounts shall be payable, together with interest thereon from the date of payment by the Lessor to the date the Lessee shall reimburse the Lessor in accordance with the provisions of this §17(a) at a rate of the lesser of (a) the maximum lawful rate or (b) the prime rate from time to time charged by First National City Bank, New York, New York, plus five percent (5%), on written demand made at any time after payment of the consequential additional income tax; *provided, however*, that the Lessee shall not be required to pay any such addition to tax or penalty if the imposition thereof shall not result from, or be related to, any action or failure to act of the Lessee.

In the event that the Lessee shall have made a payment to the Lessor required by the terms of this §17(a) for the loss or disallowance of any portion of the Investment Credit with respect to any portion or all the Units, the Casualty Values for such Units shall be reduced by the amount, if any, included therein which represents reimbursement to the Lessor for the portion of such investment tax credit so lost or disallowed; *provided, however*, that the Casualty Values as so reduced shall not be less than the aggregate of the unpaid principal of and interest on the Equipment Notes outstanding as of the dates as of which such Casualty Values would be payable. The Lessor agrees to notify the Lessee promptly of any claim, of which the Lessor has knowledge, made by the Internal Revenue Service against the Lessor with respect to the disallowance of such Investment Credit or ADR Deduction.

(b) *Acts of Lessor.* Lessee shall not be required to pay the Lessor the amounts provided for in §17(a) hereof with respect to a Unit if the loss or disallowance of Investment Credit or ADR Deduction, as the case may be, or the right to claim the same, is solely attributable to the occurrence of any of the following events:

(i) the Lessor shall fail to claim such Investment Credit or ADR Deduction in its income tax returns for the appropriate years or shall fail to follow procedures in claiming such Investment Credit or ADR Deduction and such failure to claim or to follow such procedures, as the case may be, shall preclude the Lessor from claiming such Investment Credit or ADR Deduction, provided that the foregoing does not apply to any Investment Credit or ADR Deduction not claimed because of a good faith determination made by the Lessor based on the advice of its tax counsel (who shall not be an employee of the Lessor) (hereinafter referred to as Lessor's Tax Counsel) that it is not properly allowable; and in the case of any such determination, the Lessor agrees to notify the Lessee in writing of such determination at least 30 days prior to the date on which it must make such claim and if the Lessee shall, within 5 days thereafter, object to such determination, the decision as to claiming such benefits shall be made by such independent tax counsel as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent tax counsel, one of whom shall be selected by the Lessor, the second by the Lessee, and the third by the first two so selected. The expenses and fees of the independent tax counsel shall be borne by the Lessee.

(ii) the Lessor (or, if the Lessor files its Federal income tax returns as a member of an affiliated group, the group) shall not have

sufficient income to benefit from such Investment Credit or ADR Deduction;

(iii) the Lessor shall voluntarily transfer legal title to such Unit to anyone (other than a transfer pursuant to §7 hereof) or shall dispose of or reduce its interest in such Unit and such transfer, disposition or reduction in interest (A) shall be the direct cause of such loss, (B) shall occur at any time when no Event of Default has occurred and is continuing and (C) shall not be pursuant to the written consent of the Lessee;

(iv) the Lessee shall have paid the Lessor the Casualty Value of such Unit pursuant to §7 hereof or [*the Manufacturer shall have paid the Lessor a comparable value*] pursuant to paragraph 7 of the Manufacturing Agreement; or

(v) the Lessor shall have elected in writing for purposes of the Investment Credit to treat the Lessee as the purchaser of such Unit.

(c) *Contest of Disallowance of Tax Benefits.* The Lessor agrees that if, in the opinion of the Lessor's Tax Counsel, a bona fide claim to all or a portion of the Investment Credit or the ADR Deduction (with respect to part or all the Units) exists in respect of which the Lessee is required to pay supplemental rent and interest as aforesaid to the Lessor as above provided, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by the Lessor's Tax Counsel in order to sustain such claim. The Lessor may, at its option, take such action prior to making payment pursuant to a notice of disallowance or may make such payment and then sue for a refund. In the latter event, if the final determination shall be adverse to the Lessor, the Lessee shall pay to the Lessor interest on the amount of tax and interest paid attributable to the Investment Credit or ADR Deduction disallowed, required to be recaptured or lost, which interest shall be computed at the rate of the lesser of (i) the maximum lawful rate or (ii) the prime rate from time to time charged by First National City Bank, New York, New York, plus five percent (5%), from the date of payment of such tax and interest to the date the Lessee shall reimburse the Lessor for such tax and interest in accordance with the provisions of this §17(c). In the event the foregoing conditions of this §17(c) have been satisfied, the Lessor shall nevertheless not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein

and shall have furnished the Lessor with such reasonable security therefor as may be requested. The Lessor hereby agrees to notify the Lessee promptly of any proposed disallowance and, provided that the Lessee has so indemnified and secured the Lessor, agrees that no settlement or compromise of any such claim at any stage prior to final judicial determination of the matter shall be made without the Lessee's consent, which consent shall not be unreasonably withheld.

In the event that this Lease is terminated with respect to any part or all the Units prior to the time the Lessee is obligated to pay supplemental rent with respect thereto pursuant to the preceding paragraphs of this §17, then instead of paying such supplemental rent, the Lessee shall pay to the Lessor, on the date such supplemental rent would first have been payable if the Lease were in effect as to such Units, an amount which in the reasonable opinion of the Lessor will cause the Lessor's discounted after-tax rate of return with respect to such Units to be equal to the Lessor's discounted after-tax rate of return with respect to such Units that would have been available if the Lessor had been entitled to the utilization of all or such portion of the Investment Credit or ADR Deduction which was not claimed or was disallowed or required to be recaptured, and on such date the Lessee shall also pay to the Lessor the amount of any interest, addition to tax or penalty paid to the United States by the Lessor attributable to the disallowance, recapture or loss of all or any portion of such credit or deduction.

(d) *Acts of Lessee.* The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing or which would increase the amount of rentals required to be taken into income by the Lessor over the amount specified to be payable under this Lease on the dates due hereunder and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. The Lessee agrees to keep and make available for inspection and copying by the Lessor such records as will enable the Lessor to determine the extent to which it is entitled to the benefit of the Investment Credit and the ADR Deduction with respect to the Units. The Lessee represents, covenants and warrants that at all times during the term of this Lease, each Unit will constitute "section 38 property" within the

meaning of Section 48(a) of the Code, and the Lessee will not at any time during the term of this Lease use or fail to use any Unit in such a way as to disqualify it as "section 38 property", including use of the Units predominantly outside the United States, within the meaning of Section 48(a) of the Code.

(e) *References to Internal Revenue Code.* Reference in this Lease to specific sections of the Code shall be deemed to include comparable sections or provisions of any successor laws.

(f) *Continuance of Indemnities.* The indemnities contained in this §17 shall survive the expiration or termination of this Lease and are expressly made for the benefit of, and shall be enforceable by, the Lessor, the Trustee, each holder of an Equipment Note and their respective successors and assigns.

§18. *Interest on Overdue Rentals.* Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at a rate which shall be the prime rate from time to time charged by First National City Bank, New York, New York, plus five percent (5%), on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§19. *Notices.* All notices given hereunder to either party hereto shall be given by telex or telecopier, in either case confirmed by mail, or by hand delivery or registered mail and shall be deemed to have been given when received by such party at its address set forth below:

(a) if to the Lessor, to Greyhound Tower, Phoenix, Arizona 85077, attention of Vice President—Administration; and

(b) if to the Lessee, at [Bethlehem, Pennsylvania 18016, attention of Treasurer/];

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§20. *Quiet Enjoyment.* The Lessor covenants that if, and so long as, the Lessee keeps and performs each and every covenant, condition and agreement to be performed or observed by it hereunder, the Lessee shall quietly enjoy the Units leased hereunder without hindrance or mo-

lestation by the Lessor or any other person lawfully claiming the same by, through or under the Lessor.

§21. *Severability; Effect and Modification of Lease.* Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee and consented to by the Trustee.

§22. *Representations and Warranties.*

(a) The Lessor represents and warrants that at the time the Units become subject to this Lease, the Lessor will be the true and lawful owner thereof and that each such Unit will be free and clear of all claims, liens, security interests and other encumbrances in favor of any person claiming by, through or under the Lessor except only the rights of the Lessee hereunder and of the Trustee under the Equipment Note Agreement.

(b) The Lessee represents and warrants to the Lessor and the Trustee, for the benefit of the holders of the Equipment Notes, that:

(i) The execution and delivery of this Lease and the Consent by the Lessee and the assumption and undertaking of the obligations, duties and liabilities of the Lessee set forth herein and therein have been duly authorized; and this Lease and the Consent are legal, valid, binding and enforceable against the Lessee in accordance with their terms except as enforcement may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally.

(ii) With respect to the Lessee, no governmental authorizations, approvals or exemptions are required for the execution and

delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Units hereunder, for the rentals and on the other terms and conditions herein provided; or, if any such authorizations are required, they have been obtained and, if any such authorizations shall hereafter be required, they will be promptly obtained.

(iii) No litigation or administrative proceedings are pending or, to the knowledge of the Lessee, are threatened against the Lessee, the adverse determination of which would affect the validity of this Lease or the rights of the Lessor to enforce the provisions hereof.

(iv) The rights of the Lessor as herein set forth and the title of Lessor to the Units are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Lessee.

(v) The Lessee does not own any railroad or operate any railroad service in any Province of Canada, except the Provinces of _____ and _____, and does not intend or foresee that any of the Units will be introduced into any Province of Canada other than _____ and _____, except that individual Units may from time to time be used in other Provinces on an occasional basis pursuant to the usual interchange of traffic agreements.*

§23. *Execution.* This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument.

§24. *Law Governing.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; *provided, however*, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

* Insert such Province or Provinces as may be appropriate in the case of the Lessee under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

GREYHOUND EQUIPMENT LEASING
CORPORATION

By _____
Vice President

[CORPORATE SEAL]

Attest:

Assistant Secretary

[BETHLEHEM STEEL CORPORATION/]

By _____
Vice President

Attest:

Assistant Secretary

Notary Public

My Commission expires _____

[COMMONWEALTH OF PENNSYLVANIA } ss.: / *State of* }
COUNTY OF LEHIGH } *County of* } ss.:]

Notary Public

My Commission expires _____

[NOTE: Lessee's Consent and Agreement only to be executed in the event that an Other New Lease is entered into.]

**Schedule C
to Manufacturing Agreement**

LESSEE'S CONSENT AND AGREEMENT

The undersigned,
(hereinafter called the Lessee), the lessee named in the Lease (said Lease as in effect from time to time being hereinafter called the Lease) dated _____, 19____ between the Lessee and Greyhound Equipment Leasing Corporation (hereinafter called the Lessor), hereby (a) acknowledges receipt of a copy of the Equipment Note Agreement dated as of September 2, 1975, as in effect on the date hereof (said Agreement as in effect from time to time being hereinafter called the Equipment Note Agreement), by and among Chemical Bank, a New York corporation (said bank, as so acting, being hereinafter together with its successors and assigns called the Trustee), the Lessor, and Greyhound Leasing & Financial Corporation, and (b) consents to all the terms and conditions of the Equipment Note Agreement.

As an inducement to the Lessor to enter into the Lease, and in consideration of other good and valuable consideration, the Lessee agrees that:

(1) it will, in accordance with and subject to the limitations contained in the Lease, pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to the Trustee at 20 Pine Street, New York, New York 10015, Attention: Corporate Trustee Administration (or at such other address as may be furnished in writing to the Lessee by the Trustee) and, if the Lessee fails for any reason whatsoever to pay to the Trustee any Payments, it will pay to the Trustee on the respective dates or times set forth in the Lease, amounts equal to the Payments which it shall not theretofore have paid to the Trustee, it being hereby agreed that the obligation of the Lessee to pay all the aforesaid Payments or sums equivalent to the Payments is absolute and unconditional;

(2) the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Trustee were named therein as the Lessor;

(3) the Payments or sums equivalent to the Payments due hereunder shall not be subject to any right of setoff or counterclaim or other defense except in accordance with the terms of the Lease which the Lessee might have against the Lessor or otherwise, and the payment thereof to the Trustee shall be final and shall not be subject to, and the Lessee hereby agrees to indemnify the Trustee against, any liens, charges, security interests or claims binding upon the Lessee ranking prior to or *pari passu* with the right of the Trustee to apply such payments or sums equivalent thereto as provided in the Equipment Note Agreement;

(4) the Trustee shall not, by virtue of the Equipment Note Agreement or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise;

(5) the Lease shall not, without the prior written consent of the Trustee, be terminated or modified, nor shall any action be taken or omitted by the Lessee, the taking or omission of which might result in an alteration or impairment of the Lease or the Equipment Note Agreement or this Consent and Agreement or any of the rights created by any thereof; and

(6) the rentals provided for in §3 of the Lease and Casualty Values provided for in §7 of the Lease have been calculated so as to be sufficient to pay in full, under any circumstance and in any event, any payments then required to be made on account of the principal of and interest on the Equipment Notes.

This Consent and Agreement, when accepted by the Trustee and the Lessor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of New York and, for all purposes, shall be construed in accordance with the laws of said State.

By _____
 Title:

The foregoing Consent and Agreement is hereby accepted, as of the
day of _____, 19 .

CHEMICAL BANK, as Trustee,

By _____
 Authorized Officer

GREYHOUND EQUIPMENT LEASING
CORPORATION

By _____
 Vice President

and _____
 Assistant Secretary

$$\left. \begin{array}{l} \text{ } \\ \text{ } \end{array} \right\} \text{SS. :}$$

, that one of the seals affixed to the

[NOTARIAL SEAL].

My Commission expires